GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:240
ANSWERED ON:26.07.2005
SELLING OF PRODUCTS THROUGH OWN WHOLESALE OUTLETS BY STATE GOVERNMENT NO
Kaswan Shri Ram Singh

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether the Government is aware that many State Governments are not making timely payment to their purchases from SSI outlets as a result small scale industries are becoming defaulters in paying the debts; and

(b) if so, the steps taken by the Government to solve the problems?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES(SHRI MAHABIR PRASAD)

(a): The Government is aware of the problem of delayed payments to small scale industries by all classes of buyers.

(b): The Government has enacted a law, namely, The Interest on Delayed Payment to Small Scale & Ancillary Industries Undertakings Act, 1993 (as amended in 1998), which is applicable to all buyers, including State owned undertakings. The said Act, inter alia, provides for :

(i) payment of interest by the buyers to the small scale supplier on delayed payment at the penal rate of one and half times the prime lending rate charged by State Bank of India;

(ii) disallowing the amount of penal interest, payable or paid by a buyer, as deduction for the purposes of computation of income under the Income Tax Act, 1961; and

(iii) establishment of Industry Facilitation Councils (IFC) by the States/Union Territories to act as arbitrators or conciliators under the provisions of the Arbitration and Conciliation Act, 1996, in respect of such disputes.